

Message Text

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ACTION XMB-04

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C O N F I D E N T I A L BANGKOK 17578

DEPT PASS EXIM AND OPIC

E.O. 11652: GDS
TAGS: EFIN, US, TH
SUBJ: SIAM KRAFT PAPER COMPANY

REF: A) STATE 184833, B) BANGKOK 17228, C) BKK 15715

1. ANTOINE VAN AGTMAEL OF TISCO RETURNED TO BANGKOK OVER THE WEEKEND. AFTER LENGTHY EXCHANGE OF VIEWS WITH EMBOFFS MORNING OF AUGUST 8 VAN A. ATTENDED A MEETING OF SIAM KRAFT BORAD OF DIRECTORS AFTERNOON OF SAME DAY. BOARD MADE FIRM DECISION APPEAL TO HIGHER COURT FOR AN 11 YEAR STRETCH OUT OF FINE PAYMENT. COMAPNY WILL ALSO REQUEST CANCELLATION OF BANK GUARANTEE ORDER. APPEAL WILL BE MADE BEFORE AUGUST 19. COMAPNY WILL BE TELEXING EX-IM AND AT SAME TIME WILL REQUEST EXIM VIEWS ON BANK GUARANTEE PROBLEM. AFTER HEARING VAN A'S REPORT ON HIS VISIT WASHINGTON BOARD FULLY EXPECTS STRONG NEGATIVE RESPONSE FROM EXIM AND WILL IN TURN CONVEY EX-IM POSITION TO COURT. BOARD IS OF OPINION CRIMINAL COURT BANK GUARANTEE CONDITION HAS NO LEGAL STANDING.

2. BOARD ALSO CONSIDERED POSSIBILITY OF SUING BOARD OF
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INVESTMENT WHICH HAD APPROVED ORIGINAL IMPORT. THIS POSSIBILITY WILL BE HELD IN ABEYANCE FOR TIME BEING.

3. PREVIOUSLY AGO E/C COUNSELOR DISCUSSED THIS CASE AT LENGTH WITH BOARD OF INVESTMENT DIRECTOR GENERAL SOMPORN PUNYAGUPTA AND MADE AIDE-MEMOIRE (REF C) AVAILABLE TO HIM. WE CONSIDERED SOMPORN A GOOD PRESSURE

POINT NOT ONLY BECAUSE OF THE LONG INVOLVEMENT OF THE BOI IN THIS CASE AND THE OBVIOUS RELATIONSHIP OF THE CASE TO THE GENERAL INVESTMENT CLIMATE BUT ALSO TO THE FACT THAT THE PRIME MINISTER HAD MADE HIMSELF CHAIRMAN OF THE BOARD OF INVESTMENT AND SOMPORN HAD READY ACCESS TO HIM. SOMPORN AGREED TO URGE THANIN TO GRANT LIBERAL TERMS ALONG LINES AIDE-MEMOIRE. UPON HIS RETURN TO BANGKOK EVENING OF AUGUST 8, AFTER ACCOMPANYING PRIME MINISTER TO KUALA LUMPUR ASEAN SUMMIT MEETING, SAMPORN INFORMED E/C COUNSELOR HE HAD TRIED TO RAISE CASE WITH PRIME MINISTER ON THE AIRPLANE BUT THANIN WAS UNDERSTANDABLY PREOCCUPIED AND NON-COMMITTAL. HE THEREFORE WILL REQUEST AN APPOINTMENT TO SEE THE PRIME MINISTER. THANIN IS FOR THE MOMENT TIED UP WITH THE VISIT OF NEW ZEALAND PRIME MINISTER MULDOON BUT SOMPORN BELIEVES HE WILL BE ABLE TO SEE HIM IN A DAY OR TWO.

4. AMARATE SILAON EMPHASIZES SOLUTION TO CASE LIES ALONG A DOUBLE TRACK. ON THE LEGAL SIDE HE BELIEVES THE COMPANY AND THE THIA CREDITORS CAN HANDLE THE SITUATION. IT IS HIS JUDGEMENT THAT FURTHER DEMARCHES TO THE RTG BY THE EMBASSY SHOULD BE HELD IN ABEYANCE UNTIL THE CREDITORS HAVE AGREED AMONG THEMSELVES ON WHAT SPECIFICALLY TO REQUEST OF RTG. WE AGREE AND WILL CONTINUE TO KEEP IN CLOSE CONTACT WITH ALL OF THE PLAYERS.
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